

NATIONAL OIL RECOVERY CORPORATION

2001 OCEAN BOULEVARD, #520
LONG ISLAND, NEW YORK 11509
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February 23, 2012

Mr. Jonathan Carroll
Director
Lazarus Energy Holdings, LLC
801 Travis, Suite 2100
Houston, Texas 77002

Mr. Jonathan Carroll
Director
Lazarus Texas Refinery I, LLC
801 Travis, Suite 2100
Houston, Texas 77002

In Re: Falcon Refinery

Gentlemen:

Representatives of National Oil Recovery Corporation ("Norco") and Lazarus Energy Holdings, LLC, a Delaware limited liability company authorized to do business in Texas ("LEH") have discussed the prospect of LEH or a subsidiary thereof, Lazarus Texas Refinery I, LLC, a Delaware limited liability company authorized to do business in Texas ("LTR") purchasing from Norco and Norcorom Industries, SRL, a related company ("Related Company"), Norco's land, equipment, pipelines and barge facility located in Ingleside, San Patricio County, Texas, and commonly known as the "Falcon Refinery." LEH and LTR are aware that the Falcon Refinery has been designated by the Environmental Protection Agency ("EPA") as a Superfund Site and is subject to remediation and clean-up in accordance with two Administrative Orders On Consent, dated June 9, 2004, between the EPA and Norco, to which reference is hereby made for all purposes (the "AOC's"), as well as an Agreed Order for resumption of removal work, dated May 2, 2011 ("Removal Action Agreed Order"), and an Agreed Order for resumption of Remedial Investigation and Feasibility Study, dated September 26, 2011 (RI/FS Agreed Order) (collectively, the "Agreed Orders"). In addition LEH and LTR are aware that Norco has received from the EPA a Notice Of Deficiencies, dated October 26, 2011, relative to the RI/FS Agreed Order, and since then the EPA has taken over the work contemplated by the RI/FS Agreed Order and related AOC.

Norco and LEH and LTR have negotiated the sale and conveyance of the Falcon Refinery to LTR pursuant to the following terms and provisions:

ARTICLE I, Definitions. For purposes of this Letter Agreement, the following terms shall have the meanings set forth below:

1.1 Refinery Land. Shall mean the surface only of the certain 87.258 acres of land, more or less, situated in San Patricio County, Texas, and described by metes and bounds in Exhibit "A" attached hereto and made a part hereof for all purposes (the "Refinery Land"), together with all improvements located thereon, and all and singular the rights and appurtenances pertaining to the Refinery Land, including, but not limited to, all of Norco's rights, titles and interest, if any, in and to all adjacent easements, streets, alleys, rights of way, rights of ingress and egress, strips and gores.

1.2. Refinery Equipment. Shall mean in addition to the improvements located on the Refinery Land, all of the personal property, fixtures and equipment described in Exhibit "B," attached hereto and made a part hereof for all purposes (the "Refinery Equipment").

1.3. Barge Dock. Shall mean the surface only of the certain 14.24 acres of land, more or less, situated in San Patricio County, Texas, and described by metes and bounds in the Exhibit "C," attached hereto and made a part hereof for all purposes (the "Barge Dock"), together with all improvements located thereon, and all and singular the rights and appurtenances pertaining to the Barge Dock.

1.4. Pipelines And Equipment. Shall mean all pipes, pipelines, valves, metering equipment, pumps, if any, in, on or under (i) the Refinery Land, (ii) the Refinery Equipment, and (iii) the Barge Dock (collectively the "Pipelines And Equipment").

1.5. Superior Lease Agreement Shall mean the certain Lease Agreement, dated January 16, 2006, by and between Norco and Superior Crude Gathering, Inc. ("Superior") (the "Superior Lease Agreement"), as amended from time to time, true and correct copies of which have been delivered to LEH, the receipt of which is hereby acknowledged by LEH.

1.6. Permitted Encumbrances. Shall mean all as set out in Exhibit "D," attached hereto and made a part hereof for all purposes.

1.7. The items described in 1.1 through 1.5, above, are herein collectively called or referenced to as the "Property."

ARTICLE II, Purchase Price, Assumption Of Obligations, Indemnities.

2.1. The purchase price for the Property shall consist of LTR paying Norco and a Related Company a total of Three Million Five Hundred Thousand Dollars (\$3,500,000.00) cash, in the manner and as set forth in 2.3. hereof, and LEH and LTR, jointly and severally, assuming and being solely responsible for costs, expenses and penalties in any way relating to (i) the EPA mandated clean-up contemplated and provided for under the AOC's and Agreed Orders, currently, including but not limited to, and consisting of: (A) estimated Six Hundred Fifty-Five Thousand Dollars (\$655,000.00) for the Removal Action clean-up; (B)

estimated Five Hundred Thousand Dollars (\$500,000.00) for the RI/FS clean-up; (C) estimated Three Hundred Seventy-Five Thousand Dollars (\$375,000.00) for EPA monitoring costs; and (D) estimated Five Hundred Thousand Dollars (\$500,000.00) EPA penalty; and (E) estimated Two Hundred Fifty Thousand Dollars (\$250,000.00) rebate to Superior as set forth in 4.3. hereof.

2.2. LEH and LTR acknowledge that the estimated clean-up, EPA monitoring costs and EPA penalty set out in 2.1., above, are Norco's best estimates of such costs and penalty arrived at in reliance upon current information and data supplied by Norco's clean-up contractor, TRC Environmental, and the EPA as to the EPA penalty and monitoring costs, and that such costs and penalty may increase over time as the work proceeds, especially in view of the fact the EPA is currently in charge of the RI/FS clean-up. Notwithstanding anything in this Letter Agreement to the contrary, as part of the consideration for Norco conveying the Property to LTR, LEH and LTR, jointly and severally, shall be solely responsible to the exclusion of Norco and/or a Related Company for any and all costs and penalties attributable to, directly or indirectly, the clean-up under the AOC's and Agreed Orders and the rebate to Superior, with the further understanding that any sums paid out by LEH or LTR to complete the AOC's and Agreed Orders to the EPA's complete satisfaction, and to refund Superior per 4.3., below, less than the estimated costs, expenses, penalties and rebate to Superior set forth in 2.1., above, shall inure to LEH's and/or LTR's benefit.

2.3. The Three Million Five Hundred Thousand Dollars (\$3,500,000.00) cash will be represented by promissory notes (the "Notes") made payable to Norco or order, and/or a Related Company, with interest on a reducing principal at the rate of five percent (5%) per annum, and payable in agreed monthly installments. The Notes will be secured in their payment by liens reasonably satisfactory to Norco and/or its Related Company.

2.4. As security for the AOC's, Norco caused two (2) letters of credit to be issued in favor of the EPA, each in the amount of Five Hundred Thousand Dollars (\$500,000.00). Norco is advised by the EPA that the EPA has cashed in said letters of credit and is holding the cash proceeds in EPA controlled bank accounts to be used as needed. After the clean-up is contemplated by the AOC's has been completed, any funds remaining in the EPA's accounts shall remain the property of and be payable to Norco to the exclusion of LEH and LTR.

2.5. As part of the consideration for Norco and/or a Related Company conveying the Property to LTR in accordance with the terms and provisions of this Letter Agreement, LEH and LTR, jointly and severally, do hereby unequivocally state as follows: THAT THEY HAVE CONDUCTED THEIR OWN INDEPENDENT INVESTIGATION OF THE PROPERTY, AND ARE SATISFIED THAT THE PROPERTY IS SUITABLE FOR THE PURPOSES FOR WHICH LEH AND/OR LTR INTENDS TO USE THE PROPERTY;

LEH AND LTR, JOINTLY AND SEVERALLY, ACKNOWLEDGE THAT NEITHER NORCO NOR ANY AGENT OF NORCO NOR ANY RELATED COMPANY HAS MADE ANY WARRANTIES OR REPRESENTATIONS AS TO THE PHYSICAL CONDITION, LAYOUT, ENVIRONMENTAL CONDITION, OPERATION OR ANY OTHER MATTER OR THING AFFECTING OR RELATING TO THE PROPERTY OR THIS LETTER AGREEMENT, EXCEPT AS SPECIFICALLY SET FORTH IN THIS LETTER AGREEMENT, AND THAT LEH AND LTR ARE NOT RELYING UPON ANY STATEMENT OR REPRESENTATION MADE BY ANY OTHER PERSON OR ENTITY THAT IS NOT EMBODIED IN THIS LETTER AGREEMENT. LEH AND LTR, JOINTLY AND SEVERALLY, HEREBY (A) EXPRESSLY ACKNOWLEDGE THAT NO SUCH WARRANTIES OR REPRESENTATIONS HAVE BEEN MADE EXCEPT AS SPECIFICALLY SET FORTH IN THIS LETTER AGREEMENT, (B) AGREE TO TAKE AND ACCEPT THE PROPERTY "AS IS" SUBJECT TO ITS CONDITIONS ON THE CLOSING DATE (SUBJECT TO THE TERMS OF THIS LETTER AGREEMENT CONCERNING TITLE), AND (C) AGREE THAT THE PROPERTY IS SATISFACTORY TO LEH AND/OR LTR, JOINTLY AND SEVERALLY, IN ALL RESPECTS. LEH AND LTR, JOINTLY AND SEVERALLY, ACKNOWLEDGE THAT NORCO OR ITS RELATED COMPANY IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS, OR OTHER INFORMATION PERTAINING TO THE PROPERTY OR ITS OPERATION OR ANY OTHER MATTER OR THINGS FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT, OR ANY OTHER PERSON, UNLESS SPECIFICALLY SET FORTH HEREIN. THE PROVISIONS OF THIS SECTION 2.5. SHALL SURVIVE THE CLOSING.

2.6. As additional consideration for Norco and/or the Related Company conveying the Property to LTR, LEH and LTR, jointly and severally, do hereby agree to INDEMNIFY, DEFEND AND HOLD HARMLESS NORCO, ITS RELATED COMPANY AND THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND ATTORNEYS (COLLECTIVELY THE "INDEMNIFIED PARTIES"), FROM ANY AND ALL LIABILITY, LIENS, DEMANDS, COSTS, JUDGMENTS, SUITS, EXPENSES AND CLAIMS OF ANY KIND OR CHARACTER ARISING OUT OF, IN CONNECTION WITH, OR RELATING IN WHOLE OR IN PART TO OR IN ANY WAY CONNECTED WITH (A) THE OPERATION, OWNERSHIP, CUSTODY OR CONTROL OF THE PROPERTY SUBSEQUENT TO THE CLOSING AND/OR (B) ANY OPERATION OR ACTIVITY HEREFTER CONDUCTED BY LEH AND/OR LTR, OR ANY OF THEIR AGENTS, CONTRACTORS, EMPLOYEES, LICENSEES, OR INVITEES, IN, ON, ABOUT, UNDER, OR PERTAINING TO THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, CLAIMS FOR INJURY OR DEATH OF ANY PERSONS OR DAMAGE, LOSS OR DESTRUCTION OF ANY PROPERTY, REAL OR PERSONAL, UNDER ANY

THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHERWISE, WHICH HAS OCCURRED OR RELATES TO PERIODS OF TIME ON, OR AFTER THE CLOSING. LEH AND LTR, JOINTLY AND SEVERALLY, FURTHER COVENANT AND AGREE TO DEFEND ANY SUITS BROUGHT AGAINST ANY OF THE INDEMNIFIED PARTIES ON ACCOUNT OF SAID CLAIMS AND TO PAY ANY JUDGMENTS AGAINST ANY OR ALL OF THE INDEMNIFIED PARTIES RESULTING FROM ANY SUCH SUIT OR SUITS, TOGETHER WITH ALL COSTS AND EXPENSES RELATIVE TO ANY SUCH CLAIMS, INCLUDING, BUT NOT LIMITED TO, ATTORNEY'S FEES AND COURT COSTS. EACH OF THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO PARTICIPATE AT ITS OWN COST AND EXPENSE IN THE DEFENSE OF ANY SUIT OR CLAIM IN WHICH THEY (OR ANY OF THEM) MAY BE A PARTY WITHOUT RELIEVING LEH AND/OR LTR OF THEIR OBLIGATIONS HEREUNDER.

THE FOREGOING INDEMNITY SHALL APPLY WHETHER OR NOT ARISING OUT OF THE SOLE, JOINT, OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES AND SHALL APPLY, WITHOUT LIMITATION, TO ANY LIABILITY IMPOSED UPON ANY OF THE INDEMNIFIED PARTIES AS A RESULT OF ANY THEORY OF STRICT LIABILITY OR ANY OTHER DOCTRINE OF LAW OR EQUITY.

2.7. ALL REPRESENTATIONS, COVENANTS, WARRANTIES AND INDEMNITIES MADE HEREIN BY THE PARTIES SHALL BE CONTINUING AND SHALL BE TRUE AND CORRECT ON AND AS OF THE DATE OF CLOSING WITH THE SAME FORCE AND EFFECT AS IF MADE AT THAT TIME (AND SHALL INURE TO THE BENEFIT OF THE RESPECTIVE SUCCESSORS AND ASSIGNS OF THE PARTIES), AND ALL OF SUCH REPRESENTATIONS, COVENANTS, WARRANTIES, AND INDEMNITIES SHALL SURVIVE THE CLOSING AND THE DELIVERY OF THE CLOSING DOCUMENTS.

ARTICLE III, Closing.

3.1. At the closing, which is scheduled for February 29, 2012, Norco and the Related Company shall convey the Refinery Land, the Refinery Equipment, the Barge Dock and Pipelines And Equipment free and clear of all liens, claims or other encumbrances except only for the Superior Lease Agreement and other "Permitted Encumbrances." Said conveyance shall contain the following provisions and shall be signed by LTR acknowledging its acceptance of the language of such provisions:

GRANTOR HAS EXECUTED AND DELIVERED THIS DEED AND HAS GRANTED, BARGAINED, SOLD AND CONVEYED THE PROPERTY, AND GRANTEE HAS ACCEPTED THIS DEED AND HAS PURCHASED THE PROPERTY, AS IS, WHERE IS, AND WITH ALL FAULTS, IF ANY, AND

WITHOUT ANY REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WRITTEN OR ORAL, IT BEING THE INTENTION OF GRANTOR AND GRANTEE TO EXPRESSLY NEGATE AND EXCLUDE ALL REPRESENTATIONS AND WARRANTIES, INCLUDING, BUT NOT LIMITED TO (A) THE CONDITION OF THE PROPERTY OR ANY ELEMENT THEREOF, INCLUDING, WITHOUT LIMITATION, WARRANTIES RELATED TO SUITABILITY FOR HABITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE; (B) THE NATURE OR QUALITY OR CONSTRUCTION, STRUCTURAL DESIGN OR ENGINEERING OF THE IMPROVEMENTS; (C) THE QUALITY OF THE LABOR AND MATERIALS INCLUDED IN THE IMPROVEMENTS, (D) THE SOIL CONDITIONS, DRAINAGE OR OTHER CONDITIONS EXISTING AT THE PROPERTY WITH RESPECT TO ANY PARTICULAR PURPOSE OR BY ANY DESCRIPTION OF THE PROPERTY; (E) ALL WARRANTIES CREATED BY AN AFFIRMATION OF FACT OR PROMISE OR BY ANY DESCRIPTION OF THE PROPERTY; (F) THE PRESENCE ON THE PROPERTY OR RELEASED FROM THE PROPERTY OR SURROUNDING AREAS, OF ANY HAZARDOUS SUBSTANCES, SOLID TOXIC CHEMICALS OR OTHER MATERIALS; AND (G) ALL OTHER WARRANTIES AND REPRESENTATIONS WHATSOEVER, EXCEPT THE WARRANTY OF TITLE EXPRESSLY SET FORTH HEREIN.

3.2. A Bill of Sale, covering and conveying the Refinery Equipment and the Pipelines And Equipment "AS IS," "WHERE IS" and "WITH ALL FAULTS" in the form substantially the same as that attached hereto as Exhibit "G" and made a part hereof.

3.3. An Assignment without recourse of all of Norco's rights, titles, interest and obligations in, to and under the Superior Lease Agreement in the form substantially the same as that attached hereto as Exhibit "H" and made a part hereof.

3.4. Norco and the Related Company and LEH and/or LTR agree to execute and deliver at the Closing or cause to be executed and delivered at any time thereafter such other documents as the other party hereto may reasonably require in order to fully consummate the purchase, sale, conveyance, assumption of liabilities and indemnities contemplated hereunder.

3.5. In addition, LEH and/or LTR, jointly and severally, shall assume and be solely responsible for all of Norco's obligations in, to and under the Superior Lease Agreement and shall indemnify and hold harmless, jointly and severally, the Indemnified Parties arising in any way out of and/or related to, directly or indirectly, the Superior Lease Agreement.

3.6. Notwithstanding anything to the contrary in this Letter Agreement, LEH acknowledges that it has requested title to the Property be conveyed to LTR as an

accommodation to LEH. In view of such, LEH does hereby guarantee (A) the prompt payment of the Notes in accordance with their terms, (B) the prompt and faithful performance of all of the obligations imposed on LTR under the lien documents, and (C) the prompt and faithful performance of all of the other obligations assumed by and/or imposed on LTR under this Letter Agreement, including, but not limited to, the AOC's and the Agreed Orders.

ARTICLE IV, Miscellaneous.

4.1. Clean-Up Payments. Retroactive to November 23, 2011, as part of the ongoing consideration for the conveyance of the Property to LTR, LEH and LTR, jointly and severally, shall fund on a current basis the clean-up program being conducted by Norco pursuant to the Removal Action Agreed Order and related AOC, except for the escrow amounts required under the Agreed Orders. Such funding shall include, but not be limited to, the items set forth in paragraphs 9 and 10 of the RI/FS Agreed Order. LEH and Norco, subsequent to the Closing, shall use their combined best efforts to cause the EPA to reinstate the RI/FS Agreed Order in favor of Norco the RI/FS Agreed Order, and if successful, LEH and LTR, jointly and severally, shall be solely responsible for (and fund on a current basis), costs also incurred in connection with clean-up activities required under the RI/FS Agreed Order and related AOC. If LEH and Norco are not successful in causing the EPA to reinstate the RI/FS Agreed Order in favor of Norco, LEH and/or LTR, jointly and severally, nonetheless agree to indemnify and hold harmless Norco from and against any and all claims, demands and/or causes of action reasonably related to the Agreed Orders and the AOC's and made by the EPA against Norco.

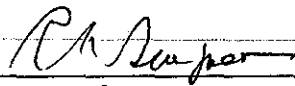
4.2. TRC Contractor. TRC will continue as contractor to complete the clean-up program, with a contractor of LEH's selection providing oversight of the clean-up work and who will report directly to LEH and will look to LEH only for its compensation for work to be performed at the Falcon Refinery and which shall not be considered a clean-up cost related to the AOC's and Agreed Orders.

4.3. Superior Crude Gathering, Inc. Lease Agreement: LEH and LTR, jointly and severally, acknowledge that the Falcon Refinery is subject to a Lease Agreement with Superior Crude Gathering, Inc. Under the terms of the Superior Lease Agreement, LEH and/or LTR, upon the closing of the conveyance contemplated hereunder, would have the right to terminate the Superior Lease Agreement, with Superior having Two Hundred Seventy (270) days to remove its operation from the Falcon Refinery. The Superior Lease Agreement is scheduled to terminate by its own terms in June of 2013, and has paid Norco in advance rent covering that period of time from the present up until the termination of the Lease Agreement. Any cash consideration that must be paid to Superior in connection with the termination of the Superior Lease Agreement shall be payable by LEH and/or LTR, jointly and severally, pursuant to the Superior Lease Agreement.


4.4. Norco and LEH agree that this Letter Agreement supersedes and takes the place of the certain letter agreement, dated November 23, 2011, which letter agreement is hereby rendered null and void.

If the foregoing correctly sets forth the agreement of the parties as to the subject matter of this Letter Agreement, then please sign duplicate originals of this Letter Agreement in the space provided below and return one executed duplicate original to the undersigned.

NATIONAL OIL RECOVERY CORPORATION

By: 
R.F. BERANER, Authorized Signatory

NORCOROM INDUSTRIES, SRL

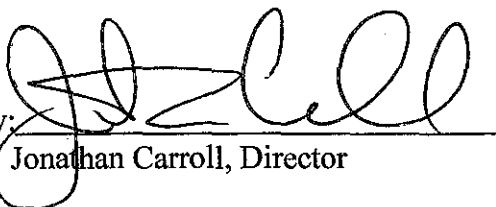
By: 
Nelu M. Velicescu

ACCEPTED:

LAZARUS ENERGY HOLDINGS, LLC

By: 
Jonathan Carroll, Director

LAZARUS TEXAS REFINERY I, LLC

By: 
Jonathan Carroll, Director

**EXHIBIT "A" TO
LETTER AGREEMENT
BETWEEN
NATIONAL OIL RECOVERY CORPORATION AND
LAZARUS ENERGY HOLDINGS, LLC AND
LAZARUS TEXAS REFINERY I, LLC**

Tract 1

FIELDNOTE DESCRIPTION of a portion of Lots 4 and 5, Block O, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the southeasterly corner of said Lot 4, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot public roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the southerly boundary of said Lot 4, N. 55° 23' 00" W, at 50.00 feet past the westerly right-of-way of said Farm-to-Market Road, in all 156.12 feet to the POINT OF BEGINNING of this tract;

THENCE, continuing along said centerline and boundary, N 55° 23' 00" W, 503.88 feet to the southwesterly corner of said Lot 5;

THENCE, along the westerly boundary of said Lot 5, N 34° 37' 00" E, at 20.00 feet past a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 685.00 feet to a brass monument in concrete found;

THENCE, S 55° 23' 00" E, 610.00 feet to a 5/8 inch iron rod set on the westerly right-of-way of said Farm-to-Market Road;

THENCE, along said westerly right-of-way, S 34° 37' 00" W, 501.25 feet to a 5/8 inch iron rod found;

THENCE, N 55° 23' 00" W, 106.12 feet to a 5/8 inch iron rod found;

THENCE, S 34° 37' 00" W, at 163.75 feet past a 5/8 inch iron rod found on the northerly right-of-way of said 40.00 foot roadway, in all 183.75 feet to the POINT OF BEGINNING.

CONTAINING 9.145 acres, more or less, of which 0.231 acre is in road right-of-way.

Tract 2

FIELD NOTE DESCRIPTION in all of Lots 1 and 2, and a portion of Lot 3, Block N, and a portion of Lots 1 and 2, Block M, and all of Lot 4, Block II, and a portion of Lot 4, Block JJ, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas, described as follows:

COMMENCING at the northwesterly corner of said Lot 3, Block N, being at the intersection of the centerline of Farm-to-Market Road 2725 with the centerline of a 40.00 foot roadway between Blocks N and O of said subdivision;

THENCE, along the centerline of said 40.00 foot roadway and the northerly boundary of said Lot 3, S 55°23' 00" E, 50.00 feet to the easterly right-of-way of said Farm-to-Market Road for the POINT OF BEGINNING of this tract;

THENCE, along said easterly right-of-way, S 34° 37' 00" W, at 20.00 feet past a 5/8 inch iron rod set on the southerly right-of-way of said 40.00 foot roadway, at 1300.00 feet past a 5/8 inch iron rod set on the northerly right-of-way of 40.00 foot roadway between Blocks M and N of said subdivision, in all 1320.00 feet to a 5/8 inch iron rod set on the southerly boundary of said Lot 3, Block N, being on the centerline of said 40.00 foot roadway;

THENCE, along said centerline and southerly boundary, S 55° 23' 00" E, 280.00 feet to a 5/8 inch iron rod set at the southeasterly corner of said Lot 3, Block N, being the northwesterly corner of Lot 2, Block M;

THENCE along the westerly boundary of said Lot 2, S 34° 37' 00" W, at 20.00 feet past the southerly right-of-way of said 40.00 foot roadway, in all 660.00 feet to a 5/8 inch iron rod set;

THENCE, S 55° 23' 00" E, at 630.00 feet past the westerly right-of-way of a 60.00 foot roadway between Blocks M and JJ, at 660.00 feet past the centerline of said roadway and boundary between said Blocks M and JJ, in all 690.00 feet to a 5/8 inch iron rod found on the easterly right-of-way of said 60.00 foot roadway;

THENCE, along said easterly right-of-way, N 34° 37' 00" E, 420.89 feet to a 5/8 inch iron rod found;

THENCE, S 57° 11' 36" E, 219.92 feet to a 5/8 inch iron rod found;

THENCE, N 36° 16' 05" E, 252.27 feet to a 5/8 inch iron rod found on the northerly right-of-way of a 40.00 foot roadway between Blocks JJ and II;

THENCE, along said northerly right-of-way, S 55° 23' 00" E, 72.92 feet to a 5/8 inch iron rod set on the boundary between Lots 3 and 4, Block II;

THENCE, along said boundary, N 34° 37' 00" E, at 1280.00 feet pass a 5/8 inch iron rod set on the southerly right-of-way of a 40.00 foot roadway between Blocks II and HH, in all 1300.00 feet to the centerline of said roadway, being the northeasterly corner of said Lot 3, Block II;

THENCE, along said centerline and the boundary between Blocks II and HH, and the boundary between Blocks N and O, N 55° 23' 00" W, 1270.00 feet to the POINT OF BEGINNING.

CONTAINING 50.113 acres, more or less, of which 4.070 acres is in road right-of-way.

Tract 3

Lots 1, 2, and 3, Block II, Burton and Danforth Subdivision, as shown by map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas.

**EXHIBIT "B" TO
LETTER AGREEMENT
BETWEEN
NATIONAL OIL RECOVERY CORPORATION AND
LAZARUS ENERGY HOLDINGS, LLC AND
LAZARUS TEXAS REFINERY I, LLC**

1. A 10,000 or 12,000 b/d atmospheric crude distillation unit
 2. A 30,000 b/d atmospheric crude distillation unit
 3. A 20,000 b/d vacuum distillation unit
 4. A 15,000 b/d naphtha stabilizer
 5. Tankage consisting of 8 storage tanks, with an eventual total capacity of approximately 685,000 barrels of storage
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**EXHIBIT "C" TO
LETTER AGREEMENT
BETWEEN
NATIONAL OIL RECOVERY CORPORATION AND
LAZARUS ENERGY HOLDINGS, LLC AND
LAZARUS TEXAS REFINERY I, LLC**

FIELDNOTES for a 14.24 acre tract of land being all of Lot 1, Bay Block B, the West 509.29 feet of Lot 2, Bay Block 8, the South 130 feet of Lot 4, Bay Block 7, a portion of Ocean Drive and a tract of land between the East boundary of Ocean Drive and Redfish Bay, all as shown on the Burton & Danforth Subdivision map as recorded in Volume 1, Page 3, Plat Records of Aransas County, Texas and a certified copy of such map is recorded in Volume 152, Page 1 of the San Patricio County, Texas Deed Records;

BEGINNING at a 1/2 inch iron rod found (marked R.P.L.S. 1523) at the West corner of said Lot 2 on the Southeast right-of-way line of Bay Avenue (60 foot wide right-of-way with variable width caliche surface) for the West corner of this survey;

THENCE North 34° 37' 00" East, along said Southeast right-of-way line, at 330.00 feet pass a 1/2 inch iron rod found (marked R.P.L.S. 1523) at the North corner of said Lot 2 and the West corner of said Lot 1, in all a distance of 640.00 feet to a 1/2 inch iron rod found (marked R.P.L.S. 1523) on the Southwest right-of-way line of Sun Ray Road (40 foot wide right-of-way with 22 foot wide asphalt surface) for the North corner of said Lot 1 and a corner of this survey;

THENCE South 55° 30' 35" East along said Southwest right-of-way line at 901.00 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25" West 2.0 feet, in all a distance of 913.24 feet to the West right-of-way line of Ocean Drive for the East corner of said Lot 1 and inside corner of this survey;

THENCE North 16° 32' 55" East, along the West right-of-way line of Ocean Drive (80 foot wide right-of-way unimproved) 42.04 feet across Sun Ray Road to a 5/8 inch iron rod found at the South corner of Lot 4, Block 7 for an inside corner of this survey;

THENCE North 55° 30' 35" West along the Northeast right-of-way line of Sun Ray Road, at 13.46 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25" West 2.0 feet in all a distance of 900.19 feet to a 1/2 inch iron rod found (marked R.P.L.S. 1523) at the West corner of said Lot 4 on the Southeast right-of-way line of Bay Avenue, for a corner of this survey;

THENCE North 34° 37' 00" East along said Southeast right-of-way line 130.00 feet to a 3/4 inch iron rod with flattened top found for the North corner of this survey;

THENCE South 55° 30' 35" East, parallel to the Northeast right-of-way line of Sun Ray Road and 130 feet distant therefrom measured at right angles thereto, at 840.41 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25" West, 1.85 feet at 857.83 feet cross the West right-of-way line of Ocean Drive, at 861.02 feet pass a 5/8 inch iron rod in concrete found, at 941.92 feet cross the East right-of-way line of Ocean Drive in all a distance of 1,038.69 feet to the shoreline of Red Fish Bay;

THENCE along the shoreline of Red Fish Bay, South 20° 50' 26" West at 1.81 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears North 69° 09' 34" West 2.24 feet, in all a distance of 89.75 feet to an angle point in said shoreline;

THENCE continuing along said shoreline South 00° 40' 20" West 80.69 feet and thence South 13° 50' 36" East 48.81 feet to the beginning of a concrete bulkhead;

THENCE along the outside face of said concrete bulkhead as follows:

South 73° 37' 00" East 15.96 feet;

South 20° 16' 30" West 29.72 feet;

North 71° 29' 02" West 48.32 feet;

South 18° 17' 15" West 78.59 feet;

South 71° 03' 51" East 53.00 feet and South 18° 42' 11" West 193.54 feet to the end of said concrete bulkhead;

THENCE continuing with the shoreline of Red Fish Bay as follows:

South 40° 43' 53" West 74.95 feet;

South 50° 50' 46" West 42.44 feet;

South 11° 18' 15" West 141.77 feet and South 24° 58' 51" West 93.85 feet to a point on the Southeasterly extension of the common boundary of Lots 2 and 3 Bay Block 8 for the South corner of this survey;

THENCE with a wire fence along said Southeasterly extension, North 55° 30' 35" West at 82.04 feet a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25" West 2.69 in all a distance of 132.15 feet to the centerline of Ocean Drive for a corner of this survey, from which corner a 2 inch iron pipe found on the West right-of-way line of Ocean Drive bears North 55° 30' 35" West 42.04 feet and thence South 16° 32' 55" West 1.47 feet;

THENCE with the centerline of Ocean Drive North 16° 32' 55" East, 346.87 feet to a point on the Southeasterly extension of the common boundary of Lots 1 and 2, Bay Block 8, for an inside corner of this survey;

THENCE along last mentioned Southeasterly extension North 55° 30' 35" West 42.04 feet to the South corner of said Lot 1 and the East corner of said Lot 2, on the West right-of-way line of Ocean Drive;

THENCE North 55° 30' 35" West along the common boundary of said Lots 1 and 2 at 2.64 feet, a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 29' 25" West 2.77 feet in all a distance of 505.01 feet for an inside corner of this survey;

THENCE South 34° 37' 00" West at 1.12 feet pass a 1/2 inch iron rod found (marked R.P.L.S. 1523) in all a distance of 330.0 feet to a wire fence on the common boundary of said Lots 2 and 3, Bay Block 8 for a corner of this survey, from which corner a 1/2 inch iron rod found (marked R.P.L.S. 1523) bears South 34° 37' 00" West 1.12 feet;

THENCE North 55° 30' 35" West with said wire fence on the common boundary of said Lots 2 and 3, 509.29 feet to the POINT OF BEGINNING, save and except 2.5 acres conveyed from National Oil Recovery Corporation to Pi Energy Corporation, by Special Warranty Deed, dated August 17, 1998, to which Special Warranty Deed reference is hereby made for a description of said 2.5 acres of land.

**EXHIBIT "D" TO
LETTER AGREEMENT
BETWEEN
NATIONAL OIL RECOVERY CORPORATION AND
LAZARUS ENERGY HOLDINGS, LLC AND
LAZARUS TEXAS REFINERY I, LLC**

**Permitted Encumbrances
Tracts 1, 2 & 3**

1. Rights of mineral estate owners and to the rights of those that hold under them;
2. Easement, dated April 19, 1978, from Uni Oil, Inc. to Central Power and Light Company, recorded in Volume 886, Page 89, Deed Records, San Patricio County, Texas;
3. Road rights-of-way as shown on the Burton & Danforth Subdivision Map recorded in Volume 152, Page 1, Deed Records, San Patricio County, Texas;
4. Easement, dated February 8, 1979, from Uni Oil Co. to Central Power and Light Company, recorded in Volume 807, Page 299, Deed Records, San Patricio County, Texas;
5. Agreement, dated February 2, 1965, from Brashear-Irwin Industries, Inc. to T.L. Bishop, recorded in Volume 311, Page 124, Deed Records, San Patricio County, Texas;
6. Term and conditions of reservation of fee title to one certain fresh water line along with easement relative thereto as set out in Deed, dated June 22, 1968, from Brashear Industries, Inc. to L.V. Elliott, Trustee, recorded in Volume 372, Page 161, Deed Records, San Patricio County, Texas;
7. Assignment Of Covenant to extend channel, dated October 25, 1977, from Mark P. Banjavich, et al, to T. Michael Hajecate, et al, recorded in Volume 567, Page 469, Deed Records, San Patricio County, Texas;
8. Right-of-Way, dated July 15, 1952, from Conn Brown to United Gas Pipe Line Company, recorded in Volume 176, Page 485, Deed Records, San Patricio County, Texas;
9. Right-of-Way, dated September 23, 1953, from E.D. Richmond, et al, to Sunray Mid-Continent Oil Company, recorded in Volume 297, Page 283, Deed Records, San Patricio County, Texas;
10. Right-of-Way, dated March 16, 1962, from E.D. Richmond, Jr., et al, to the State of Texas, recorded in Volume 276, Page 109, Deed Records, San Patricio County, Texas;
11. Right-of-Way, dated July 3, 1934, from R.K. Coleman to San Patricio County, recorded in Volume 105, Page 497, Deed Records, San Patricio County, Texas;

12. Oil, gas and mineral leases, reservation of mineral interests, pooling arrangements, right-of-way agreements, easements, and mineral deeds affecting the Property and of record in the office of the County Clerk of San Patricio County, Texas.

Barge Dock

Any and all restrictions, covenants, easements, oil, gas and mineral leases, oil, gas and mineral deeds, oil, gas and mineral reservations, rights-of-way, if any, pertaining to the Barge Dock, but only to the extent any of the foregoing are shown of record in the office of the County Clerk of San Patricio County and are still in effect with respect to the Barge Dock, and to all zoning laws, regulations and ordinances of municipal and/or governmental authorities, if any, but only to the extent they are still in effect and relate to the Barge Dock.